ESRS 2007 WG17: Collective Farmers Marketing Initiatives

Changing Societal, Market and Policy Conditions and New Challenges for Collective Action in Farmers’ Marketing

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Outline of presentation

- What are relevant societal, policy and market changes?
- What are relevant sociological debates and approaches?
- Different traditions / historical roots of collective action in farming and rural areas
- Conceptual framework for analyzing different COFAMI strategies
- Examples of different strategies
Main premises of conceptual framework

- Collective farmers marketing initiatives (COFAMIs) operate at interface of changing market, policy and territory environments.
- Through collective action (members of) COFAMIs attempt to mobilise new strategies to adequately respond to changes / turn these to their benefit.
- Collective action involves a repositioning of actors in relevant networks and the creation of resources / capacities to manage and influence different network relations.
Wider societal changes and relevant debates

1. Concentration in retailing and processing
2. Growing role of quality standards
3. Changes in nature of consumer involvement
4. New rural actors
5. New markets for public goods & services
Wider societal changes and relevant debates

- Concentration in processing and retail
  - Transnational retailers have obtained central position as ‘gatekeepers’ between farmers and consumers in FSCs
  - ‘Global sourcing’ of retailing & processing and substitution / competition amongst primary producers world-wide
  - Dominance of large retail surface, → general lack of mid-sized retail / processing infrastructures

- Growing importance of quality standards
  - From ‘bulk’ markets to differentiated product qualities and brands
  - Increase of public regulations for safety, environment, health etc.
  - Multiplicity of private standards on top of / parallel to public ones

- Changes in nature of consumer involvement
  - Changing consumer habits (convenience, grazing, snacking, out-door consumption)
Wider societal changes and relevant debates

- Simultaneously appreciation for food quality / authenticity and mode of production (environment, animal welfare)
- Growing involvement of consumer NGOs in food and rural issues

Emergence of new actors in rural areas
- Rural areas no longer strongholds of farming, meeting place of multiplicity of rural actors
- From production space to ‘consumption countryside’
- Growing role of ‘partnerships’ in rural development policy

Public goods and services
- Emergence of new non-food markets in rural areas, e.g. energy production, tourism, care etc.
- Growing recognition of role agriculture in preservation biodiversity, landscape, culture etc. (multifunctionality)
- Importance of synergies between different functions / activities in successful regional development
Wider societal changes and relevant debates

Collective action & innovation
- Network processes, social capital, co-operative theory, learning, strategic niche management

FSC dynamics
- Food networks, quality differentiation, farm diversification, globalisation vs. relocalisation, value chain analysis

Multifunctionality
- Non-food products & services, public goods, changing role of agriculture in rural and wider society

Governance structures
- Partnerships, territorial / bottom-up approaches, synergies, social exclusion / inclusion, transaction costs

Multifunctionality
Challenges for conceptual analysis of COFAMIs

- No overarching theory, COFAMIs operate at interface of different (scientific, policy, public) debates – food quality, rural development, sustainability, MFA, governance etc.

- How to conceptually accommodate:
  - Strategies towards / positioning in relevant markets
  - Relevant actor-networks and composition / dynamics of these
  - Quality definitions / conventions and ways in which territorial resources are mobilised
  - Relations with policy institutions and regulatory frameworks
  - Internal organisation and management of the COFAMI

- How to take into account:
  - Diversity of strategies / types of COFAMIs
  - Dynamics / life-cycle stages of initiatives
  - Differences in national / regional contexts
Historical roots

- Different traditions of collective action: co-operative movement, post-socialist countries, social movements etc.
- Co-operative movement was response to excesses of expanding market capitalism, Inspired by Utopian thinkers (Owen, Fourier)
- Expressions in various economic sectors: artisans, credit banks (Raifeissen), shops, insurances etc.
- From end 19th century spread to agriculture: input supply, machinery, investment in processing, auctions
‘Traditional’ co-operatives

- Historical reasons for development (Van Dijk, 1997):
  - **Organizing countervailing power:** protection against market partners with monopolistic positions
  - **Providing access to markets:** E.g. credit markets, export markets
  - **Realizing scale economies:** cost reduction to optimize margins on standardized (bulk) markets
  - **Collective risk management:** pooling / market withdrawal to reduce price risks and differentiate price/quality ratios
  - **Preservation of rural employment and income:** Creation of value added within regions, esp. disadvantaged areas

- Still important market force. E.g. Friesland Foods (NL) and Arla (DK) amongst 5 biggest dairy companies worldwide

- Co-ops lost much of their power and dynamism at cost of processors and retailers

- Increased distance between members and boards; separation of financial management and democratic processes
‘Traditional’ marketing cooperatives

Undermined by:
- Concentration in retail
- Market saturation & interchangeability
  primary producers
- Food scandals
- Prescribed quality standards
- Different interests in agr. sector

Building market power by:
- Pooling volume
- Risk management
- Investment in processing
- Market knowledge

Innovative experiences:
- Strong rise in CEE
- New co-ops that jointly negotiate with large co-ops / processors
- Producer groups in horticulture

Generic product quality

Product specificity

Location Factors | Ecology | Culture / Identity

Consumers

Chain Intermediaries (processors / retail)

Other economic actors

Extra-local policy actors

Local social + policy actors

COFAMI
Example Tasty Tom Tomatoes

How sustainable are these initiatives?
Producer-consumer coalitions

Key role of engaged consumer (political consumerism)

Local / regional governments can play facilitating role

Producers & consumers jointly pressurize / circumvent intermediaries

Enabling role NGOs and social movements (e.g. slow food, local food councils)

Local food, fairness of trade, authenticity, artisanality

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<th>Location Factors</th>
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Key role of engaged consumer

COFAMI

Consumers

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Local food, fairness of trade, authenticity, artisanality
Examples

- Collective ‘short chains’, e.g. chains of farm shops (e.g. Landwinkel NL), collective shops, consumer co-ops, box schemes (e.g. AMAP France), webshops, Community Supported Agriculture etc.

- Local (civic) coalitions to support provisioning / marketing of food from the surroundings (e.g. Devon Food Link + East Anglia Food Link UK, Terre Avenir / Jardin de Cocagne Geneva, Slow Food)
Product differentiation

External quality guarantee & protection

Building ‘niche’markets by:
- Creating product specificity
- Quality agreements along supply chain
- Collective processing
- Exclusivity, premium prices

Quality differentiation by:
- Strong links with territory (e.g. PDO)
- Adhering to quality standard (e.g. organic)

Promotion

Consumers

Chain Intermediaries (processors / retail)

COFAMI

Other economic actors

Local social + policy actors

Extra-local policy actors

Location Factors

Ecology

Culture / Identity

Consumers demand, reputation

Product differentiation
Examples

- Various PDO / PGI products, e.g. Parmegiano Reggiano, Italy
- Organic producer groups differentiating their product with emphasis on regional provenance (e.g. Wadden products, the Netherlands)
Region marketing

Consumption of authenticity, experience

Creation of territorial synergies

Consumers

Tourists

Local shops

Restaurants

Tourist entreprises, SMEs

Extra-local policy actors

COFAMI

Chain Intermediaries (processors / retail)

Local social + policy actors

Other economic actors

Public goods (landscape)

Non food products / services

Product specificity

Location Factors

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Territorial policy schemes (e.g. LEADER)

Local basket of products and services

Region as a whole becomes ´product´
Examples

- COFAMIs ‘marketing’ landscape, biodiversity and associated products / services (e.g. environmental co-ops in the Netherlands)

- ‘Basket’ of regional products and services e.g. wine routes in Tuscany (Italy), Fuchsia brand (Ireland), Groene Woud (NL)
Examples

- Non-food products and services, e.g. biomass production (Naturwärme St. Lambrecht, Austria), agri-tourism, biodiesel
Chain governance: strengthening links with social actors and building new policy arrangements

Chain differentiation: strengthening links / agreements with FSC partners

COFAMI as institutional arrangement to build resources, collective agency and networks

Territorial embeddedness: strengthening link with / valorising local resources

Location Factors

Ecology

Culture / Identity
Questions? Points for discussion?